

**PROPOSED AMENDMENT TO
THE 2006 MASTER PLAN HOUSING ELEMENT
AND FAIR SHARE HOUSING PLAN**

**TOWNSHIP OF CEDAR GROVE
Essex County, New Jersey**

Prepared for:

TOWNSHIP OF CEDAR GROVE PLANNING BOARD

Adopted

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The original of this document was signed and
sealed in accordance with NJSA 45:14A-12.

AMENDMENT TO THE MASTER PLAN HOUSING ELEMENT AND FAIR SHARE HOUSING PLAN

Introduction

In July of 2006 Township of Cedar Grove submitted a Housing Element and Fair Share Plan to the Council on Affordable Housing (COAH). This Plan was never reviewed for substantive certification as the COAH methodology and resulting affordable housing allocations were challenged in court. The matter, while unsettled, has resulted in a new methodology and promulgated new regulations which were published in the New Jersey Register last month, October 2008. These regulations require the submittal of an amendment to the Housing Element and a new Fair Share Plan by December 31, 2008 which must show COAH that Cedar Grove has linked the actual production of affordable housing with municipal development and growth.

These new rules are meant to fulfill the affordable housing needs of the State from 1987 through 2018. The Growth Share is now from January 1, 2004 through December 31, 2018. The new methodology led to a ratio of one affordable housing unit that must be built for every five units constructed (four market rate + plus one affordable) and one affordable housing unit for every 16 newly created jobs. The previous rules required one affordable unit for every eight new market-rate units and one for every 25 jobs created. Besides the change in the ratios, the new rules will allow the Township to reassess the need for affordable housing periodically based on actual job and housing unit creation in the on-coming years. For instance if no new jobs or housing units are created then the pro-rata obligation will reflect that and no affordable housing units will be required. On the other hand, if new jobs and housing units are built then the township will be obligated to meet the new construction with complimentary affordable units.

This Amendment to the Housing Element and Fair Share Housing Plan updates the Township Master Plan in compliance with COAH regulations and the requirements of the New Jersey Fair Housing Act. Data sets from the 2006 Plan that are based on census information will stand as the most current data available. Data sets based on information from the Division of Codes and Standards have been updated and are included as an amendment to the 2006 plan. The Fair Share Plan is incorporated using the electronic forms provided by COAH.

Contents

In accordance with the Fair Housing Act (N.J.S.A. 52:27D-310), a municipality's Housing Element must be designed to provide a realistic opportunity for the creation of affordable housing to meet present and prospective housing needs, with particular attention to low and moderate income housing. The Fair Housing Act requires that a Housing Element contain, at minimum, the following:

1. An inventory of the municipality's housing stock by age, condition, purchase or rental value, occupancy characteristics and type, including the number of units affordable to low and moderate income households and substandard housing capable of being rehabilitated;
2. A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
3. An analysis of the municipality's demographic characteristics, including but not limited to household size, income level and age;
4. An analysis of the existing and probable future employment characteristics of the municipality;
5. A determination of the municipality's present and prospective fair share for low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate income housing; and
6. A consideration of the lands that are most appropriate for construction of low and moderate income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate income housing.

In accordance with COAH's Substantive Rules (N.J.A.C. 5:97) current through Oct. 20, 2008 contents of the Fair Share Plan are in a checklist as elaborated in 5:97-3.2

Inventory of Existing Housing Stock

Type and Age of Housing Stock

No amendment to data provided in the 2006 Housing Element.

Condition of Township Housing Stock

No amendment to the 2006 Housing Element.

Housing Values

No amendment to the 2006 Housing Element.

Occupancy Characteristics and Type

No amendment to the 2006 Housing Element

Affordable Housing Units

No amendment to the 2006 Housing Element.

Projection of Municipal Housing Stock

Certificates of Occupancy

Affairs Division of Codes and Standards and the Cedar Grove Building Department, certificates of occupancy issued for new housing units in Cedar Grove since January 1, 2007 through April 2008 include those listed in Table 9, an amendment to the 2006 Plan.

Table 9. Certificates of Occupancy for New Housing Units, Township of Cedar Grove DCA, Cedar Grove Building Dept., through April 2008				
Year	Total	1&2 Family	Multi-Family	Mixed Use
2007	10	8	0	2
2008	2	2	0	0
Total	12	10	0	2

Construction & Demolition Permits

Construction permits issued for new housing units since 2007 appear in Table 10 while housing unit demolitions are listed in Table 11, both amendments to the 2006 Plan. Comprehensive and easily accessible information on township permitting is made available through COAH and the Division of Codes and Standards.

Table 10. Construction Permits Issued for New Housing Units DCA, Cedar Grove Building Dept., through April 2008				
Year	Total	1&2 Family	Multi-Family	Mixed Use
2007	4	4	0	0
2008	0	0	0	0
Total	4	4	0	0

Table 11. Housing Unit Demolitions DCA, Cedar Grove Building Dept., through April 2008				
Year	Total	1&2 Family	Multi-Family	Mixed Use
2007	3	3	0	0
2008	0	0	0	0
Total	3	3	0	0

Development Application Approvals

A notable slow down of Board applications is reflected in the low number of permits. Projects listed in the 2006 Housing Element included Park Ridge Estates, Hilltop at Essex County, Mountain Ridge, Mountain Crest and the Hilltop Redevelopment Area. Those projects have not been active. As to on-going projects for which permits can be projected with certainty, only one subdivision is currently at issue, a newly created subdivision located north of East Lindsley Road which is currently clearing the land for development of 14 homes.

Probable Future Residential Development

In-fill development for the Township remains, as was stated in the 2006 Housing Element, limited by the lack of vacant land, lot size, current densities, parking requirements and now, in 2008, severe economic downturn with-in the region, the nation and in many parts of the world. The current presidential administration has been working to combat the current financial crisis, pushing out nearly \$160 billion to banks from the \$700 billion bailout fund Congress passed on Oct. 3. Since October 1, 2000 there have been 46 bank failures, 19 of them in 2008.

COAH consultants have prepared a vacant land analysis identifying the remaining land suitable for new construction as in-fill development. However the lack of a computerized geographic information system (gis) prohibits the municipality from verifying and/or correcting the states analysis. The state revealed 599 acres of vacant land in various locations throughout the Township. A review of tax records shows 215.62 acres of privately owned vacant land and 242 acres of exempt vacant land for a total of 457.62 acres. However, if the parcels considered are greater than 0.75 acres (used to approximate the land area needed for the development of 5 dwelling units)) the remaining vacant land is 378.28 acres. Those remaining acres also have various development constraints. The implementation of a computer gis would greatly enhance

the ability of the Township to accurately project the probable future residential development. The amount of vacant and residentially zoned property over .75 acres is 95.33 acres. The amount of that land which is developable due to road access, sewer capacity, water capacity and environmental constraints is not available at this time due to constraints in time to hand prepare mapping as the Township does not have a GIS system in place.

Historic Trends: Certificates of Occupancy & Demolitions

While trends of certificates of occupancy & demolition of buildings were in a certain range up until recently, the recent economic situation is reflected in this year's local (local data includes both commercial and residential permitting) CO count, 58, which is half of the previous four year average. Moreover, the years of 2004 through 2008 have decreased annually by 20%, and, even with this slowdown the current year shows a marked decline. Conversely, demolitions are up from an average of 3 a year, to 9, for 2008. However, this is due to the change in use of the Overbrook Hospital to a county passive park.

Total Housing Projection, 2004-2018

Projections for housing construction have been provided by COAH as part of the third round methodology. This data was based on an economic situation that is no longer current.

Demographics

Population Growth

No amendment to 2006 Housing Element.

Age of the Population

No amendment to 2006 Housing Element.

Household Size

No Amendment to 2006 Housing Element.

Household Income

No amendment to 2006 Housing Element.

Employment Characteristics

Class of Worker

No amendment to 2006 Housing Element.

Employment by Occupation

No amendment to 2006 Housing Element.

Employment by Industry

No amendment to 2006 Housing Element.

Place of Work and Travel Time

No amendment to 2006 Housing Element.

Employment in the Township

Additional employment data is provided by COAH as part of the third round methodology. Future growth in this data set will be monitored for on-going monitoring requirements.

Employment Projection

Certificates of Occupancy

Certificates of occupancy issued for non-residential construction since January 1, 2004 appear in Table 28, as an amendment to the 2006 Plan. Figures were obtained from the DCA Division of Codes and Standards and checked against Building Department files to properly reflect the applicable use groups and square footage breakdown for each CO.

Table 28. Certificates of Occupancy for Non-Residential Construction DCA, Division of Codes and Standards, January 1, 2007 through April 2008						
Year	Office (B) Square Feet	Restaurant (A-2) Square Feet	Retail (M) Square Feet	Factory (F) Square Feet	Education (E) Square Feet	Storage (S) Square Feet
2007	56,903	0	0	0	10,590	0
2008	0	0	0	0	0	0
Total	56,903				10,590	0

Construction & Demolition Permits

Table 29 provides summary square footages pertinent to outstanding construction permits for non-residential projects.

Table 29. Permits Issued for Non-Residential Construction DCA, Cedar Grove Building Dept., January 1, 2007 through April 2008						
Year	Office (B) Square Feet	Assembly (A-1) Square Feet	Retail (M) Square Feet	Factory (F) Square Feet	Institution (I) Square Feet	Storage (S) Square Feet
2007	0	0	0	0	0	0
2008	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 30, an amendment to the 2006 Plan, provides summary square footages for demolitions that have been completed since January 1, 2007.

Table 30. Non-Residential Demolitions DCA, Cedar Grove Building Dept., January 1, 2007 through April 2008						
Year	Office (B) Square Feet	Restaurant (A-2) Square Feet	Arcade (A-3) Square Feet	Institution (I) Square Feet	Education (E) Square Feet	Storage (S) Square Feet
2007	0	0	0	0	0	0
2008	0	0	0	0	0	0
Total	0	0	0	0	0	0

This amendment to the 2006 Plan Table 31 provides summary square footages pertinent to outstanding demolition permits.

Table 31. Non-Residential Demolition Permits Issued DCA, Cedar Grove Building Dept., January 1, 2007 through April 2008						
Year	Office (B) Square Feet	Restaurant (A-2) Square Feet	Retail (M) Square Feet	Institution (I) Square Feet	Education (E) Square Feet	Storage (S) Square Feet
2007	0	0	0	0	0	0
2008	0	0	0	0	0	0
Total	0	0	0	0	0	0

Development Application Approvals and Anticipated Development and Demolitions

The 2006 Housing Element listed the following commercial projects: Sethi & Sethi, Jean Hall, LLC, It Tulipano, Friar Tuck (Second Gen/Ambrosia), Essex County Hospital Center and the parcel at Fairview and Pompton Avenues. Of those the Sethi and Jean Hall projects are nearly completed. The Friar Tuck project is at the site work stage. The permitting for that project will be post April 2008. The Essex County Hospital Center and the Fairview/Pompton Avenue projects are not currently viable. In fact the county property is being reconsidered as passive park land and application has been made for Green Acres funding.

Potential Future Development

The full-build out scenario no longer can be based on the strong economy of the past decade and the full development potential will most likely take a greater length of time than reported in the 2006 Plan.

Historic Trends: Certificates of Occupancy & Demolitions

Commercial construction and demolition is included with the residential data in the local count of building demolition permits and is discussed in the residential section. It shows that there has been a 20% slowdown per year since 2004, with a 50% decrease in 2008 with regard to building permit issuance.

Job Growth, 2004-2014

This synopsis on the projected job growth is found on the New Jersey Chamber of Commerce web site, dated October 24, 2008.

The Committee heard testimony from economists on the current financial crisis and its Planning and Public Policy, provided committee members with an update on the economy and future projections. Noting decreased private sector employment, increased unemployment rates and increased office market vacancies, Hughes predicted that recessionary conditions will continue well into 2009 or beyond, and New Jersey will continue to see declines in our construction, manufacturing, trade and transportation, retail, financial, leisure and hospitality sectors. However, there may be modest gains in the information technology and health sectors.

Based on historical trend lines, Hughes reported that it is possible to see an additional loss of 67,000 to 247,000 private sector jobs. Additionally, in response to questioning about the impact of the new 2.5% COAH fee, Hughes told the committee members that this fee is a deterrent to investment during these difficult times. Rutgers economist Joseph Seneca highlighted the importance of focusing on our state's business climate and tax structure to encourage private sector investment.

Legislative Budget Finance Officer David Rosen discussed the recently released revenue collections for the first quarter of Fiscal 2009, which are \$47 million (-0.7 percent) below estimates. Rosen cautioned against making assumptions based on these figures as first quarter figures can be unreliable, but did agree that we should be particularly concerned about sales tax collections, which were down 4.8 percent the first quarter of 2008. Gross income tax revenues are slightly under target, Corporate Business Tax Collections are above target, and the realty transfer fee is down 25 percent. Rosen noted that revenue assumptions in the fiscal 2009 budget were very conservative, so the state's downward adjustments may not be as significant as other states, but he agreed that the Governor's prediction of a \$400 million shortfall for the current fiscal budget is a reasonable projection. The fiscal 2010 budget faces a \$3 billion to 4 billion shortfall.

Capacity Analysis and Plan Projections

The 2006 Housing Element capacity analysis and plan projection sections need only to be amended on a few points as the bulk of the text remains accurate.

The need for additional infrastructure investments to accommodate Hilltop Redevelopment Area may not be necessary dependent on the outcome of the proposal to create a passive park on the former Essex County Hospital.

On September 14, 2008 the Housing Policy Task Force made recommendations to the Governor in an 82 page report that contains reports from seven subcommittees made up of housing professionals. The report recommended authorizing municipalities to establish a 25% set aside for those already either living or working in a community for three years. It strongly supports legislation to require municipalities to expend their funds collected from the Affordable Housing Trust funds in a timely manner. The report recommends mixed use and mixed income development in order to integrate housing with jobs and services. Sustainable Design is promoted to ensure development is appropriate in scale, creates generous pedestrian lanes and incorporates 'green' design. The report suggests the waiving of fees including water and sewer hookup for affordable projects. "Community Zone" is a new term used to label lands developed that are near transit, high-density, mixed use, and meet EnergyStar rating. Form-Based Zoning (FBZ), which regulates the appearance of a building but not the use, is recommended. These instruments will be reviewed as they become viable.

Municipal Housing Need / Fair Share Obligation (1987-2018)

The Townships residential and non-residential components of its projected growth share obligation for the period January 1, 2004 to December 31, 2018 are based on the projections provided by COAH. The Township will be obligated to report annually a comparison of the actual pro-rated growth share obligation and the actual number of affordable units that have been constructed or provided since January 1, 2004. If the actual growth share obligation is less than the growth share obligation projected by COAH, then affordable units will not have to be built, but, a realistic opportunity to address the projected growth share shall continue to be provided.

The three components of the obligation are:

Rehabilitation share	7
Prior round obligation (adjusted)	-9
Growth share	196
Total Fair Share Obligation	194

Fair Share Plan

The new format for the Fair Share Plan is in a standardized checklist-based application consisting of 20 pages of specific individual mechanisms. Those pages will reflect the plan formulated by the Planning Board to meet the state allocated required production of affordable

units as per NJAC 5:97 and 5:96. The obligation will be met through the use of credits for previous housing construction in the Township, extensions of existing affordability controls on the Cedar Ridge Senior Development and the ARC group home, and a market to rent affordability program for rental property over the next 10 years, pro-rated to actual development as it occurs and as funding becomes available.